

RYE TOWN PARK COMMISSION, NEW YORK

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

WITH INDEPENDENT AUDITORS' REPORT

ODMD

BENNETT KIELSON STORCH DESANTIS

BKSD

The Government Services Division of

O'CONNOR DAVIES MUNNS & DOBBINS, LLP

RYE TOWN PARK COMMISSION, NEW YORK

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
Rye Town Park Commission, New York:

We have audited the accompanying general purpose financial statements of the Rye Town Park Commission, New York as of and for the year ended December 31, 2002. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 2 to the financial statements, the Commission has not established a General Fixed Assets Account Group as required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of a General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Rye Town Park Commission, New York at December 31, 2002 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bennett Kielson Storch DeSantis

The Government Services Division of ODMD, LLP
December 9, 2003

RYE TOWN PARK COMMISSION, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 5,412	\$ 2,528
Investments	12,478	12,285
Due from Other Governments	<u>161,979</u>	<u>77,410</u>
Total Assets	<u>\$ 179,869</u>	<u>\$ 92,223</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 17,473	\$ 26,288
Due to Other Governments	153,061	56,600
Security Deposit Payable	<u>9,335</u>	<u>9,335</u>
Total Liabilities	<u>\$ 179,869</u>	<u>\$ 92,223</u>

The accompanying notes are an integral part of the financial statements.

RYE TOWN PARK COMMISSION, NEW YORK

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002			Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Revenues:				
Sales of permits	\$ 95,000	\$ 95,000	\$ 104,796	\$ 9,796
Parking	165,000	165,000	230,298	65,298
North gate guests	15,000	15,000	29,461	14,461
Mid gate guests	140,000	140,000	228,046	88,046
South gate guests	30,000	30,000	49,480	19,480
Rent - Concessions	61,000	61,000	61,000	-
Insurance recoveries	-	-	5,481	5,481
Investment income	500	500	193	(307)
Other income	15,000	15,000	15,469	469
State aid	-	-	10,000	10,000
Federal aid	-	-	75,000	75,000
Total Revenues	521,500	521,500	809,224	287,724
Expenditures:				
Current:				
Personal services	285,000	285,000	338,751	(53,751)
Manager's fees	12,000	12,000	13,000	(1,000)
Employee benefits	48,000	48,000	47,914	86
Equipment	4,000	4,000	26,381	(22,381)
Supplies and printing	32,000	32,000	43,410	(11,410)
Utilities and telephone	31,000	31,000	38,368	(7,368)
Building and grounds repairs	60,000	60,000	138,384	(78,384)
Capital improvements	-	-	173,293	(173,293)
Insurance	77,000	77,000	72,926	4,074
Office	2,000	2,000	1,228	772
Blind Brook sewer tax	23,000	23,000	22,075	925
Uniforms	6,000	6,000	5,668	332
Refuse	5,000	5,000	6,535	(1,535)
Engineering fees	-	-	11,500	(11,500)
Accounting fees	7,000	7,000	9,700	(2,700)
Equipment repairs and maintenance	10,000	10,000	15,181	(5,181)
Secretary fees	3,000	3,000	3,000	-
Concerts	3,000	3,000	1,750	1,250
Interest	5,000	5,000	15,375	(10,375)
Miscellaneous	2,000	2,000	1,633	367
Total Expenditures	615,000	615,000	986,072	(371,072)
Deficiency of Revenues Over Expenditures	(93,500)	(93,500)	(176,848)	(83,348)
Other Financing Sources:				
Sponsor Funding - Town	48,994	48,994	92,278	43,284
Sponsor Funding - City	44,506	44,506	84,570	40,064
Total Other Financing Sources	93,500	93,500	176,848	83,348
Excess of Revenues and Other Sources Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance -End of Year	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

2001			
Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 88,000	\$ 88,000	\$ 74,839	\$ (13,161)
145,000	145,000	168,638	23,638
23,000	23,000	19,243	(3,757)
130,000	130,000	145,056	15,056
24,000	24,000	34,468	10,468
55,000	55,000	58,000	3,000
-	-	-	-
350	350	448	98
19,000	19,000	11,251	(7,749)
-	-	-	-
-	-	-	-
<u>484,350</u>	<u>484,350</u>	<u>511,943</u>	<u>27,593</u>
275,000	275,000	288,717	(13,717)
12,000	12,000	12,000	-
46,000	46,000	46,738	(738)
5,000	5,000	1,975	3,025
24,000	24,000	35,387	(11,387)
26,000	26,000	30,549	(4,549)
50,000	50,000	65,756	(15,756)
-	-	22,275	(22,275)
82,000	82,000	97,200	(15,200)
2,000	2,000	1,255	745
22,000	22,000	22,874	(874)
5,000	5,000	6,032	(1,032)
4,000	4,000	5,009	(1,009)
-	-	1,663	(1,663)
7,000	7,000	6,450	550
10,000	10,000	9,977	23
2,000	2,000	2,000	-
2,000	2,000	3,961	(1,961)
12,000	12,000	15,324	(3,324)
2,000	2,000	222	1,778
<u>588,000</u>	<u>588,000</u>	<u>675,364</u>	<u>(87,364)</u>
<u>(103,650)</u>	<u>(103,650)</u>	<u>(163,421)</u>	<u>(59,771)</u>
53,235	53,235	80,649	27,414
50,415	50,415	82,772	32,357
<u>103,650</u>	<u>103,650</u>	<u>163,421</u>	<u>59,771</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 1 - Summary of Significant Accounting Policies

The Rye Town Park Commission, New York (the "Commission") was established in 1907 and operates in accordance with the laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operation of the Commission. The president of the Commission serves as the chief executive officer and the treasurer serves as the chief financial officer. The Commission provides recreation services to the residents of the area.

The accounting policies of the Commission, New York conform to generally accepted accounting principles as applicable to governmental units, except as disclosed in Note 2 below. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Commission's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the Rye Town Park Commission, b) organizations for which the Commission is financially accountable and c) other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

In evaluating how to define the Commission, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Commission's reporting entity was made by applying the criteria set forth in GASB Statement No. 14, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Basis of Presentation

The accounts of the Commission are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Commission maintains the minimum number of funds consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of governmental funds not recorded directly in those funds. The Commission's resources are reflected in the financial statements in one generic fund type within one fund category, in accordance with generally accepted accounting principles as follows:

Fund Categories

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund - The General Fund constitutes the primary operating fund of the Commission in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheets. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The reported unreserved fund balance is a measure of "available spendable resources".

The modified accrual basis of accounting is followed in the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they are "measurable" and "available" to finance current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one year availability period is used for revenue recognition for all governmental fund revenues. Revenues susceptible to accrual include intergovernmental revenues and rents. Permits, fees and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash.

Expenditures, under the modified accrual basis, are generally recognized when the related fund liability is incurred.

D. Budgetary Data

The Commission does not follow specific guidelines nor are there any legal requirements in establishing the budgetary data reflected in the financial statements. Each year, the Board of Commissioners adopts an annual budget. This budget is adopted on a basis consistent with generally accepted accounting principles. The Commissioners have established legal control of the budget at the object level of expenditures. Transfers between appropriation accounts, at the object level, require approval by the Board. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

Budgeted amounts are as originally adopted or as amended by the Board of Commissioners. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Commission's investment policies are governed by State statutes. The Commission is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - All investments are stated at amortized cost which approximates fair value.

Receivables - Receivables include amounts due from other governments for services provided by the Commission. Receivables are recorded and revenues recognized as earned.

Inventories - There are no inventory values presented in the financial statements of the Commission. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are to be accounted for in the General Fixed Assets Account Group, rather than in governmental funds and should be valued at historical cost or estimated historical cost if actual cost is not available. Donated assets should be recorded at their fair market value on the date donated. No provision for depreciation is made on general fixed assets. Interest incurred during construction is not capitalized on general fixed assets (see Note 2).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not included in the General Fixed Assets Account Group.

F. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. Certain reclassifications of prior year financial data have been made to conform with the current year presentation.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance and Accountability

Departure from Generally Accepted Accounting Principles

The Commission does not maintain or record values for its general fixed assets. This is contrary to generally accepted accounting principles which require that all general fixed assets be inventoried and valued at historical cost or estimated historical cost.

Excess of Actual Expenditures Over Budget

The following expenditure categories exceeded their authorized budgetary limits by the amounts indicated:

Personal services	\$	53,751
Manager's fees		1,000
Equipment		22,381
Supplies and printing		11,410
Utilities and telephone		7,368
Building and grounds repairs		78,384
Capital improvements		173,293
Refuse		1,535
Engineering fees		11,500
Accounting fees		2,700
Equipment repairs and maintenance		5,181
Interest		10,375

Compliance with Statute

The Commission has not adopted an investment policy as required by New York State Law.

Sponsoring Agencies

The Rye Town Park Commission was created pursuant to an act of the New York State Legislature in March 1907. The act specified that the governing body of the Commission would consist of the Supervisor of the Town of Rye; the Mayor of the Village of Port Chester; the Mayor of the City of Rye (formally the Village of Rye); together with two commissioners, one appointed from the Town of Rye and one appointed from the City of Rye (effective May 15, 1987, the Mayor of the Village of Rye

Note 2 - Stewardship, Compliance and Accountability (Continued)

Brook was also appointed to the Rye Town Park Commission). The Commissioners of the Rye Town Park shall have exclusive charge of the acquisition of lands, and shall have full supervision of the construction, improvement and management of the park.

The agreement also provided that any and all outstanding debts or other obligations or interest thereon of the Rye Town Park, shall be born and paid in the proportions of 47.6% by the City and 52.4% by the Town. In the event that any debts, obligations or interest thereon of the Rye Town Park are hereafter incurred or if any profits from the operation of the Rye Town Park are distributed by its Park Commission, the respective total assessed valuations of the property within the City and the remaining property within the Town shall be equalized in each year and such amounts shall be apportioned and charged or paid to the Town and the City, in the above ratios.

Note 3 - Detailed Notes on General Fund

A. Assets

Deposits

The carrying amount of the Commission's deposits at December 31, 2002 was \$5,412. The bank balance was \$363. The entire bank balance was covered by Federal deposit insurance.

Investments

The Commission participates in a cooperative investment pool established pursuant to General Municipal Law. The sponsoring agency of the pool is another governmental unit which, acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The Commission's share of these investments at December 31, 2002 was \$12,478. This amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. These investments are not subject to risk categorization. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System (CLASS).

B. Liabilities

Pension Plans

The Rye Town Park Commission, New York participates in the New York State and Local Employees' Retirement System (ERS) (System). The System provides retirement, disability and death benefits to plan members. The System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the New York State and Local Retirement System, Governor Alfred E. Smith State Office Building, Albany, New York 12224.

Note 3 - Detailed Notes on General Fund (Continued)

Funding Policy - The System is non-contributory except for employees who joined after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2003 are as follows:

<u>Tier</u>	<u>GTLI</u>	<u>Regular</u>
4	.3%	.8%

Contributions made to the System for the current and two preceding years were as follows:

2002	\$	381
2001		191
2000		454

These contributions were equal to 100% of the actuarially required contributions for each respective year.

Post-Employment Health Care Benefits

In addition to providing pension benefits, the Commission provides certain health care benefits for retired employees. The collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Commission may vary according to length of service. Substantially all of the Commission's employees may become eligible for those benefits if they reach normal retirement age while working for the Commission. The cost of retiree health care benefits is recognized as an expenditure as claims are paid. During the year, \$7,526 was paid on behalf of two retirees.

Compensated Absences

The Rye Town Park Commission employees are compensated pursuant to the same collective bargaining agreement as employees of the Town of Rye, New York. Sick leave is not paid upon separation of service and vacation time is generally taken in the year earned. The Commission, therefore, has no liability at December 31, 2002 for unused sick and vacation leave.

Note 4 - Summary Disclosure of Significant Contingencies

Risk Management

The Commission purchases various conventional insurance coverages to reduce its exposure to loss. The Commission maintains a commercial package policy with general liability insurance coverage up to \$2 million, boiler and machinery insurance coverage up to \$1 million and umbrella liability insurance coverage with policy limits of \$2 million. The public officials liability policy provides coverage up to \$3 million and commercial auto insurance coverage with a limit of \$1 million is also purchased. Workers' compensation insurance is secured with statutory coverages. The Commission also purchases conventional health insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

